

PHILIP MORRIS USA**INTER-OFFICE CORRESPONDENCE**

120 PARK AVENUE, NEW YORK, NY 10017-5592

TO: Jim Morgan
FROM: The Virginia Slims Brand Team
SUBJECT: Misty Offensive Initiatives

DATE: 12/14/94

Below is an overview of the initiatives included in the Misty Offensive program. As you can see, the overall plan incorporates several programs including Direct, FSIs, retail, couponing and on-going name generation efforts.

Briefly, the program start dates are as follows:

Direct	1/23
FSI	Mid-February
Retail	ASAP (after receipt of store level data the first week of January)
Van Program	1st Quarter '95
Vision Value/ Catalina	On-going

Upon receipt of store level data on Misty, we will put together a comprehensive retail program. We are, however, moving forward with direct and the FSI.

Consumer Research

To help us develop more effective programs, Consumer Research is compiling a complete report on Misty demographics, in-switching and alternate volume which brand will have by the end of the week.

Direct

PM currently has 95,000 Misty smokers in its data base. Slims will be mailing to them five times in the first half of 1995. The program includes high coupon values, refer-a-friend cards, gifts and continuity. As defined in the attached creative brief, the mailings will be different than the broadscale mailings and will communicate a very "switch to Virginia Slims and away from Misty" message.

The Direct group has moved Misty/Misty-in-consideration-set names to the priority list for requalification. We expect results by mid-January.

Retail/Market Research

Ed Gawronski's group is working on identifying Misty development and interaction with Slims and Marlboro Lights. This will allow us to be very strategic in the use of our resources at retail. Market Research will be looking at Nielsen and STAR data by:

- Market
- Trade Class
- Store volume (Mega)
- Retail Master/Non-Retail Master Accounts
- Outlet

2040156162

This data will be available the first week of January. With this data, we can put together an effective and very targeted retail plan.

Coupons

Vision Value/Catalina

These programs deliver coupons directly to Misty smokers at checkout in supermarkets. Coupon values are high (B1G1F, B2G1F and \$3.00 off/carton) and are distributed based on purchase behavior and program membership. Slims is participating with Vision Value in 130 outlets and with Catalina in 7,000 outlets.

Name Generation (Direct, FSI, Mega Outlet Van Program)

Direct

Brand is currently testing the theory of Misty smokers' "Friend's Circle". This program consists of telemarketing to 5,000 Misty smokers and 5,000 smokers with Misty in their consideration set. The interview includes asking these smokers to refer-a-friend(s), i.e. "give us the names of Misty smokers and we'll send you a gift." Depending on the results of this test, we may expand telemarketing the RAF program to all 95,000 Misty smokers in PM data base.

FSI

Brand will drop a national FSI (59 MM circulation) asking for two Misty UPC's in return for five packs of Slims. From prior learning (the Merit Ultima FSI to Carlton and Now smokers), we anticipate a 0.5% response rate or 295,000 names, who will then be incorporated into the above mailings.

Mega Outlet Van Program

Slims will be the recipient of all Misty names generated by the price value van program. The program takes place at mega outlets in five markets: Baltimore, Greenville, Savannah, Tampa and Toledo.

Acquired names will receive a fast response direct mail piece, then be included in the "We want you back" series of mailings, as detailed in the attached creative brief.

Hopefully, these programs will begin to make a dent in Misty's share gains. They represent our thinking to date and we will continue to explore new opportunities and programs.

cc: S. LeVan

2040156163